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## EUROPE

1. FRANCE: Assembly may ask further talks on Ruhr management---  
US Ambassador Caffery believes that the French Assembly will probably give the Government's German policy only a conditional approval and will request the Government to negotiate further in order to obtain greater recognition of French views on the management of the Ruhr, on French security, and on German federalism. Andre Philip, leader of the Socialists in the Foreign Affairs Committee, has expressed to Caffery the belief that the recommendations will not be approved unless the Government can announce that the extension of international control of the Ruhr to include actual management of the coal mines is a question still open for international discussion. The Department of State has informed Caffery that the US answer to this particular suggestion is "no," although the London agreements as a whole are not regarded as immutable.

Concerning the Assembly vote on the London agreements, Caffery believes: (a) the Communists and the Gaullist parliamentary group will vote against; (b) a majority of the Popular Republican Movement and Socialists will probably vote for; and (c) the outcome will depend largely on the position taken by the rightist Republican Party of Liberty and the independent Republicans. Ex-Premier Reynaud believes that the Schuman Government would be helped by publication of an official US statement declaring that if the French Assembly does not approve the agreement, the US will reluctantly go ahead with the other signatories, without France. Caffery believes some move along these lines would be useful in the situation.

(CIA Comment: CIA believes that when the vote is taken in the Assembly, a narrow majority will support the Government.)

## THE AMERICAS

2. CHILE: Reaction to US sale of arms to Argentina--US Ambassador Bowers emphasizes that the recent sale of US arms to Argentina has had an exceedingly bad effect on US prestige in

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military circles in Chile. Flowers believes that in connection to the arms sale, the Chileans may hasten purchase of the British cruiser AJAX and other ships as well as all types of military equipment in the open market, unless the Inter-American military cooperation act is passed during the present session of the US Congress.

3. **COSTA RICA:** Incursion by Nicaraguan troops reported-- The Minister of Justice has informed US Ambassador Davis that in taking up defensive positions against possible attack from Costa Rican revolutionaries, Nicaraguan troops have crossed the San Juan River into Costa Rican territory. Davis believes that no attack on the Nicaraguan troops will be made by Costa Rican forces in the foreseeable future.

(CIA Comment: CIA estimates that this reported maneuver by Nicaraguan General Somoza represents another dramatic attempt to bring attention to recent reports of imminent revolutionary moves against Nicaragua from Costa Rican territory. General Somoza thus hopes to force the Costa Rican Government to repress the anti-Somoza revolutionary brigade that he apparently believes is being organized on Costa Rican territory and also to prevent Costa Rica from directly assisting such revolutionaries. It is unlikely that the movement of Nicaraguan troops into northern Costa Rica will precipitate open warfare.)

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